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CITY OF BERKELEY



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Finance, Public -- " -- Berkeley
Municipal services -- Finance -- Calif. -- Berkeley*

June 20, 1978

TO: Honorable Mayor and Members of the City Council

FROM: Council Committee on Revenue Sources

SUBJECT: RECOMMENDATIONS REGARDING ADDITIONAL REVENUE

At its June 8 meeting, the City Council established a Council Committee to examine possible methods of raising additional City revenue to partially offset the loss of funds resulting from Proposition 13. The Committee, which is comprised of Councilmembers Shirley Dean, Gilda Feller and William Rumford, has prepared the recommendations in this report. The report is organized into five sections plus attachments:

- I. Additional General Fund Revenues (white)
- II. Summer Recreation Programs (yellow)
- III. Spay and Neuter Clinic (green)
- IV. Increase in Parking Bail Schedule (pink)
- V. Recommendations for Action (blue)

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I. ADDITIONAL GENERAL FUND REVENUES

The Committee is recommending twelve categories of charges to generate additional revenue which would--directly or indirectly--be deposited into the City's General Fund for any authorized use. Councilmembers should recognize, however, that the revenue estimates have been prepared by the Staff within a very tight time frame. For existing fees and taxes, the estimates are likely to be quite accurate except that the imposition of a fee or the increase in a fee may reduce the demand for a service, thereby decreasing projected revenue. Estimates for new taxes are subject to wide fluctuation; a 25% estimation factor should be applied.

In summary, the revenue raising methods recommended by the Council Committee are:

<u>Revenue Source</u>	Net Additional Revenue ⁽¹⁾	
	<u>FY 1978-79</u>	<u>FY 1979-80</u>
1. Initiate new Health Department fees	\$ 97,000	\$ -0-
2. Increase refuse collection fees by 25%	483,000	483,000
3. Initiate new Public Works Fees	9,000	9,000
4. Increase parking meter rates to 30¢	200,000	300,000
5. Increase parking garage rates	55,000	55,000
6. Increase building and misc. fees	165,000	165,000
7. Increase business license tax by 50%	475,000	475,000
8. Increase rentor business license factor to 4x base rate	209,000	209,000
9. Increase transient occupancy tax to 10%	150,000	150,000
10. Initiate 5% utility users tax	922,000	1,230,000
11. Initiate 1% employee license tax	600,000	2,850,000
12. Initiate 10% admissions tax	300,000	400,000
	<u>\$3,665,000</u>	<u>\$6,326,000</u>

(1) With the exception of the employee license tax, on-going administrative costs are minimal with these revenue sources. However, it is estimated to cost \$150,000 per year to enforce the employee license tax; that amount has already been subtracted from these figures. No Health Department revenue is projected for FY 1979-80 since the City Manager is recommending that the Health Department be transferred to Alameda County.

1. Initiate New Health Department Fees (\$97,000)

Fees would be charged for the following services which are now provided without a charge:

<u>Clinic Fees</u>	<u>Annual Demand</u>	<u>Proposed Fee</u>	<u>Revenue</u>
Venereal Disease	6,800 visits	\$ 7.00(Av) ⁽⁸⁾	\$ 47,600
Child Health Exam	1,182 visits	22.50(Av) ⁽⁸⁾	26,595
Immunizations	562 visits	6.00(Av) ⁽⁸⁾	3,372
<u>Inspection and Permit Fees</u>			
Plan check	10	300.00	3,000
Water sample	85	30.00	2,550
Compost checks	10	30.00	300
Pre-permit charges	100	30.00	3,000
Charitable fund raising permit	125	25.00	3,125
TOTAL			\$ 89,542

In addition, the Health Department recommends increasing the fee for milk processing inspection from \$.001 per gallon to \$.003 per gallon which will raise an additional \$7,600 per year for a total of about \$97,000 per year in new revenue.

2. Increase Refuse Collection Fees (\$483,000)

Present refuse collection charges are not sufficient to cover the direct and indirect costs of operation. Direct costs are estimated to be \$2,014,000, indirect Public Works Department costs are estimated at \$54,000, and interdepartmental indirect costs are estimated at \$315,000.⁽²⁾ Therefore, total direct and indirect costs for refuse collection are estimated to be \$2,383,000 per year.⁽³⁾ The current annual revenue of \$1,900,000 would have to be increased approximately 25.4% to cover all costs. Such an increase would raise an additional \$483,000 in revenue.⁽¹⁰⁾

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- (2) The 25% surcharge is not included in these figures. The surcharge will be added to the new rates.
- (3) Indirect interdepartmental costs include functions such as auditing, accounting, personnel, data processing, mail service, city manager, legal, etc. In April, 1978, the Director of Finance calculated a City-wide, interdepartmental indirect cost rate of 25% of wages. That ratio is used in this report.
- (8) Fees for these services would be based on the State's Medi-Cal reimbursement schedule. Those individuals and families who do not qualify for Medi-Cal will pay based on their ability to pay.
- (10) Under the new rates, the charge for one can for residential units would range from \$4.45/mo. to \$4.85/mo. The 25% surcharge would be added to those rates.

3. Initiate New Public Works Fees (\$9,000)

Several new or revised fees are appropriate for public works activities to raise an additional \$9,000 per year and fully recover operating costs.

---Charge \$75 for each application for a revocable permit instead of \$44 for processing only those permits which are granted. Additional revenue is estimated at \$1,000 per year.

---Charge \$1.00 each for "No Parking" signs which are posted in parking areas around construction sites and \$2.00 for each permit to use such signs. Additional revenue is estimated at \$2000 per year.

---Increase charges for installing police security alarms in the police station from \$36 for installation and \$2 per month to \$100 for installation and \$5 per month. Additional revenue is estimated at \$6000 per year.

---Raise the rate for sidewalk repair by City crews from \$2 per square foot to \$4.50 per square foot. A realistic estimate of new revenue is not possible because the demand for this service may decrease sharply.

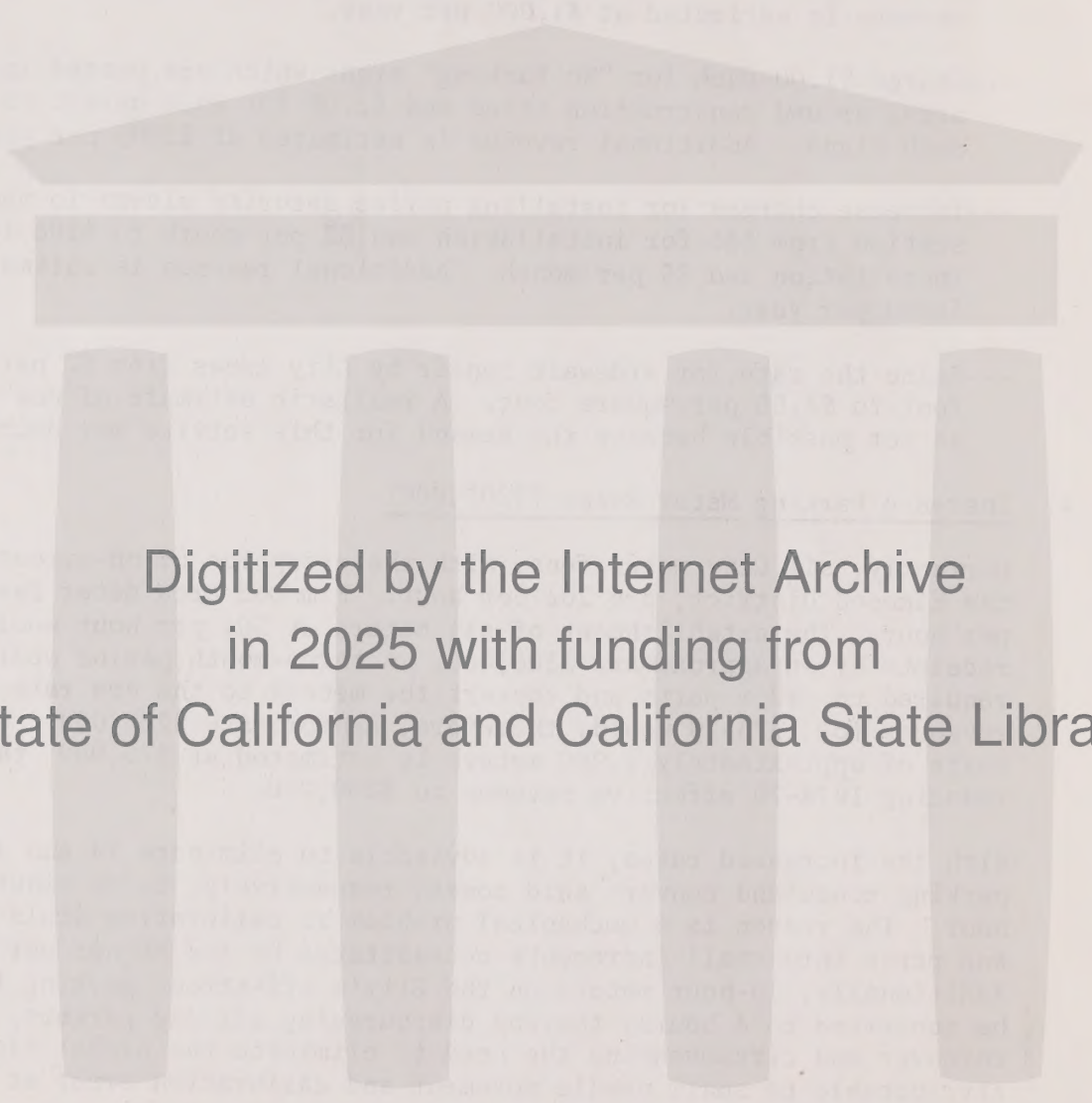
4. Increase Parking Meter Rates (\$200,000)

Currently, all City meter fees, with the exception of on-street meters in the Elmwood District, are 20¢ per hour. Elmwood area meter fees are 30¢ per hour. The establishment of all meters at 30¢ per hour would increase receipts by an approximate \$300,000. A three-month period would be required to order parts and convert the meters to the new rate. Added revenues for 1978-79 would, therefore, approximate \$225,000. Conversion costs of approximately 1,900 meters is estimated at \$25,000 thereby reducing 1978-79 effective revenue to \$200,000.

With the increased rates, it is advisable to eliminate 24 and 40 minute parking zones and convert said zones, respectively, to 30 minutes and 1 hour. The reason is a mechanical problem in calibrating dials and parts into small increments necessitated by the higher per hour rates. Additionally, 10-hour meters on the City's off-street parking lots should be converted to 4 hours; thereby discouraging all day parkers, increasing turnover and circumventing the need to eliminate the nickel slot attributable to small needle movement and calibration error at the higher hourly rates.

5. Increase Parking Garage Rates (\$55,000)

The City's rates for parking at the Sather Gate and Center Street Garages are generally slightly lower than those of privately operated facilities. Current City rates and the competitive rates are:



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<u>Item</u>	<u>Sather Gate</u>	<u>Possible Fee</u>	<u>Center Street</u>	<u>Possible Fee</u>
Monthly	\$25.00	\$30.00	\$20.00	\$22.00
Weekly	6.25	7.50	5.00	5.50
Hourly	.35	.45	.30	.35
Daily Maximum	2.00	3.00	2.00	3.00

(Approx.
20% Incr.)

(Approx.
10% Incr.)

Current annual revenues approximate \$225,000 and \$100,000, respectively, for the Sather Gate and Center Street Garages. Added revenues to be derived from the possible rates identified above are about \$45,000 and \$10,000 for the respective Sather Gate and Center Street Garages for a total of \$55,000.

6. Increase Building and Miscellaneous Fees (\$165,000)

An across-the-board percentage increase in building fees and miscellaneous fees in all City departments is justified because of inflation.⁽⁴⁾ Most of these fees were last increased in 1976. A three year inflation factor of 25% should be added to all miscellaneous fees. In addition, the current fees do not include an allowance for indirect interdepartmental costs. The 25% indirect cost rate should also be applied. A 50% increase in building and miscellaneous fees would generate approximately \$165,000 in new revenue.

7. Increase Business License Tax (\$475,000)

Even though some types of businesses had their license taxes raised last year because of the revised business license ordinance and its emphasis on gross receipts, the intent of the ordinance was to maintain the same level of revenue to the City; therefore, many businesses received a decrease in their business license fees. That factor, coupled with the significant loss of municipal revenue this year, makes another revision to this ordinance propitious.

Three basic rates in the ordinance must be changed to provide proportional equity and increase revenue flow: (1) The base rate--currently \$0.70 per \$1,000 of gross receipts; (2) the minimum rate--currently \$30 per year; and (3) a flat rate fee schedule for various types of business activities that do not lend themselves to recurring operations. Current revenue from these three sources is approximately \$950,000 per year. A 50% increase in rates would generate an additional \$475,000 annually.

(4) Building and miscellaneous fees include, but are not limited to, charges for building inspections, electrical permits, mechanical permits, housing inspections, plumbing permits, taxicab stand/driver permits, utility inspections, health and sanitation permits, entertainment permits, map filings, property owner inspection requests, payroll deductions, title searches, photocopies of police reports, and office engineering services. In short, all fees and charges, unless specifically mentioned elsewhere in this report, would be covered by this category.

8. Increase Rentor Business License Factor (\$209,000)

Certain businesses, particularly those which own real property and rent or lease it, disproportionately benefit from Proposition 13. For that reason, a change in the profitability factor for such businesses is appropriate. The present tax factor for property rental businesses is \$1.05 or 1½ times the base rate. Increasing the profitability factor to four times the base rate (\$4.20) would raise an additional \$209,000 in revenue, assuming the overall base rate is raised 50%.⁽⁵⁾

9. Increase Transient Occupancy Tax (\$150,000)

This is a tax on motel/hotel rooms for which occupancy duration is less than 30 days. The current rate of 7% was revised three years ago. Neighboring community rates are comparable to the Berkeley rate, although resort communities such as Monterey and Anaheim have higher rates. For each 1% increase in the rate, approximately \$50,000 in additional revenue will result. Administrative costs to implement an increased fee are minimal. A 10% rate appears appropriate.

10. Initiate Utility Users Tax (\$922,000)

A utility users tax was repealed by voter referendum in 1971; however, this action followed an increase in the combined Berkeley property tax rate of \$2.035 per \$100 of assessed valuation over the previous year.

A 5% tax on telephone, gas and electric utility bills, with no exemptions or ceiling, would generate an estimated \$1,800,000 per year. A low income exemption level of \$5,000 per household would reduce the annual receipts by an estimated \$500,000. A reduction in the rate from 5% to 0.5% of billing above the \$5,000 tax receipts level is deemed appropriate for those few industries in Berkeley whose energy uses are a primary factor of production. An approximate loss of \$70,000 would be attributable to this reduction. Annual revenue flow from a 5% tax, with a \$5,000 household exemption level and a 0.5% tax above the first \$5,000 per account is, therefore, estimated at \$1,230,000. Required start-up time would be a minimum of three months so that FY 1978-79 revenue is estimated at 922,000 assuming adoption of the tax by July 1.

11. Initiate Employee License Tax (\$600,000)

The State Supreme Court recently affirmed the employee license tax enacted by the City of Oakland. Oakland's ordinance, which has not yet become effective, levies a tax of 1% on salaries above \$6,500 per year. Oakland estimates this tax will generate about \$12,000,000 annually.

⁽⁵⁾ If the base rate is increased by 50% from \$.70 to \$1.05, the rentor business license profitability factor would be four times that, which is \$4.20. If the business license tax base rate is not increased, four times the 70¢ base rate would be \$2.80 which would raise only \$139,000 in additional revenue.

Because of a lack of meaningful data, it is not possible to firmly project the revenues Berkeley would receive from a similar tax. However, the City of Oakland estimates that a tax of 1% on salaries above \$6,500 per year would return an estimated \$12,000,000 annually. The 1970 census figures for Berkeley and Oakland are 114,071 and 361,607, respectively. The number of persons employed in Berkeley and Oakland in 1978 is estimated at 58,700 and 163,200. Both sets of statistics approximate a one-third (1/3) ratio. Accordingly, assuming the same rate structure as the Oakland ordinance, and that earned incomes in Berkeley are consistent with those in Oakland, annual returns from the tax in Berkeley are estimated at \$4,000,000. The Oakland tax estimate, however, must at best be viewed at a 75% confidence factor--no collections have been received. Annual revenues, therefore, could approximate a low of \$3,000,000 for Berkeley.

The Oakland ordinance is not particularly progressive in nature since only income below \$6,500 is exempted. A preferable alternative is a progressive tax schedule as follows:

<u>Annual Salary or Wages</u>	<u>Tax Rate</u>
\$ 0 - \$10,000	Exempt
10,001 - 20,000	1%
20,001 - 40,000	2%
40,001 and above	3%

Because of the \$10,000 exemption and the progressive rate structure, it is preferable to base the rate on salary earned each quarter using the following schedule:

<u>Quarterly Salary</u>	<u>Tax Rate</u>
\$ 0 - \$ 2,500	Exempt
2,501 - 5,000	1%
5,001 - 10,000	2%
10,001 and above	3%

Employers, including the University of California, would be required to withhold the tax from their employees' wages and transmit it to the City on a quarterly basis. Nonetheless, neither the employers nor the City Finance Department could implement an employee license tax without adequate lead time. January 1, 1979 is viewed as the earliest possible implementation date. Since collections would be on a quarterly basis following the end of each quarter, only one-fourth (\$750,000) of the estimated annual receipts would be received in FY 1978-79.

Compliance costs have not really been addressed. An outside consultant report for the City of Oakland concluded that a staff of 21 persons would

be required to enforce the ordinance. An estimated 7 persons (account clerks, auditor/accountant) would be required for Berkeley. Estimated annual expenditures for personnel, supplies, equipment and data processing services are roughly \$150,000. Therefore, FY 1978-79 net revenues would be reduced to \$600,000.

12. Initiate Admissions Tax (\$300,000)

A tax on the cost of admission to theaters, concerts, sporting events⁽¹³⁾ and other functions for which a charge is collected is a relatively simple tax to administer. An admissions tax of 10% would realize approximately \$400,000 in annual receipts.⁽⁹⁾ Lead-time to implement the tax collection effort is three months. Revenues in 1978-79, therefore, if the tax were imposed by July 1, 1978, would be about \$300,000.

⁽⁹⁾ An exemption is proposed for donations collected by non-profit groups at City facilities.

⁽¹³⁾ This includes University of California football games.

II. SUMMER RECREATION PROGRAM

Because recreation activities have generally not been self-supporting financially, the City Manager's proposed budget under Proposition 13 recommends eliminating all structured recreation activities. Community recreation centers and swimming pools would be closed. In order to maintain some recreational services during July and August, the Committee is proposing new and increased fees coupled with the use of the reserve in the Special Recreation Fund and a Community Services Administration Grant.

1. Summer Swim Program

An analysis of the aquatics operation indicates the potential of operating Martin L. King and the Willard Swim Centers on a self-sufficient basis by increasing fees. Even with fees at West Campus pool, it is unlikely that that swim center could be self-supporting because the operating cost is slightly higher and the swim program has been free in previous summers. For a complete aquatics program in July and August the cost would be:

a. Cost Analysis

Personnel	\$11,795
Supplies	1,000
Repair & Maintenance	1,000
Utilities	3,705
TOTAL	\$17,500 ⁽⁶⁾ per swim center

b. Fees

	<u>Current</u> ⁽¹²⁾	<u>Proposed</u>
Learn-to-swim	\$4.00/session	\$6.50/session
Recreation Swim - youth	.20/swim	.50/swim
Recreation Swim - adults	.50/swim	1.00/swim
Swim Team	5.00/month	20.00/month
Novice Swim Team	.00	10.00/month
Life Saving	5.00/course	20.00/course
Polar Bears	.50/swim	1.00/swim
Pool Rental	8.00/hour	\$15-\$30/hour

⁽⁶⁾ West Campus costs would be approximately \$19,000 for July and August because of higher utility usage. However, it would be possible to reduce the staffing level at West Campus by about 20% if attendance is low.

⁽¹²⁾ These fees were last increased in 1969.

The fee schedule proposed above would most likely allow King and Willard to operate without a general fund subsidy. However, it is estimated that West Campus pool would require a subsidy of about \$15,000 unless patronage is not deterred by the fees.

In order to provide an opportunity for economically disadvantaged families to swim, each of the three swim centers would have one free recreational swim day per week. That free day will require an additional subsidy of approximately \$2,500.

The City can obtain a \$9,520 summer recreation grant from the Community Services Administration which could be applied to offset the estimated deficit of \$17,500, leaving a remaining deficit of \$7,980. It is proposed to solicit contributions from the community in order to eliminate that deficit. If sufficient contributions do not materialize, West Campus pool would be closed at the end of July in order to preclude the need for a subsidy from the General Fund.

2. Operate Three Recreation Centers

Three recreation centers would be operated on the following schedule during July and August:

<u>Center</u>	<u>Hours of Operation</u>	
James Kenney	Mon-Fri	10 A.M. - 9 P.M.
	Sat-Sun	12 Noon - 6 P.M.
San Pablo	Mon-Fri	10 A.M. - 9 P.M.
	Sat-Sun	12 Noon - 6 P.M.
Live Oak	Mon-Fri	10 A.M. - 9 P.M.
	Sat-Sun	10 A.M. - 5 P.M.

The above schedule is only one hour less per day than the current schedule. However, in order to reduce operating costs, no full time recreation supervisors would be employed at the centers. Instead, the centers would be staffed by part-time, temporary recreation leaders. Two recreation leaders would be at each center during operating hours. The estimated operating costs for opening the centers are:

	<u>James Kenney</u>	<u>San Pablo</u>	<u>Live Oak</u>
Personnel	\$ 5,258	\$ 5,258	\$ 5,301
Supplies	1,110	1,023	1,154
Utilities	1,040	1,010	1,150
Maintenance	2,000	2,000	2,000
TOTAL	<u>\$ 9,408</u>	<u>\$ 9,291</u>	<u>\$ 9,605</u>
Cost Per Hour	\$18.09	\$17.87	\$18.19

Use of the three recreation centers would continue to be free for all unstructured activities such as basketball, ping pong, volleyball, pool, shuffleboard, badminton, etc. A total of \$28,300 would be required to open those three centers during July and August as proposed.

3. Fees for Reserved Use of Recreation Centers

One way to offset the cost of operating the recreation centers is to charge fees for the use of all or a portion of a facility. City sponsored groups would no longer be entitled to use facilities for free except for youth groups which use a portion of a facility during regular operating hours. The proposed fee range is:

	<u>Current</u>	<u>Proposed</u>
Adult Groups	\$1 - \$7/hr.	\$8 - \$18/hr.
Youth Groups	0	0 - \$7/hr.
Resident & Private Groups	\$2 - \$9/hr.	\$10 - \$24/hr.
Non-resident Groups	N/A	\$15 - \$30/hr.
Fireplace Rental - resident	0	\$2.50
Fireplace Rental - Non-resident	0	\$5.00

The lower rates in the range would apply to rental of a portion of a facility during regular operating hours. The higher rates would apply to the rental of a facility when it is normally closed and must be opened by staff. The City Manager should be directed to institute a specific fee schedule for the use of the various center facilities based on the general schedule proposed above.

In addition to the fee schedule for rental of City space by non-City groups, there would be a fee levied on each participant in a City-sponsored special class. A fee of \$1 per course per adult and 50¢ per course per child would be charged. This fee would be built into the overall cost of special classes.

It is estimated that the use of fees may generate as much as \$40,000 during July and August. Those funds would be applied to the \$28,300 needed for operation of the centers. The remaining \$11,700 would be applied toward the general administration of the summer recreation program.

4. Administrative Coordination

The programs and activities to be conducted during the summer will require administrative support services to receive monies, schedule facility use and maintain records. The minimum administrative support necessary to carry out the program will be a Senior Account Clerk and two (2)

Recreation Supervisors⁽⁷⁾ to assist with the programs, recruit instructors, deliver supplies, supervise the programs and relieve staff in the various programs as needed.

The cost for the administrative support is as follows:

1 Senior Account Clerk	\$1147/mo. ⁽⁷⁾	
2 Recreation Supervisors	\$3282/mo. ⁽⁷⁾	
Benefits	988/mo.	
Transportation	200/mo.	
Supplies	100/mo.	
TOTAL	\$5717/mo.	Total two months - \$11,434

5. Special Recreation Classes

Traditionally, the City has sponsored a variety of recreation classes at the three recreation centers. Generally, most of the courses have been offered at Live Oak Center and a fee has been charged to recover at least the direct expenses. A Special Recreation Fund has been used to receive and disburse the monies for these courses. Generally, the courses which have been offered at James Kenney and San Pablo have been without charge with the exception of the tennis clinics.

Since it is proposed that the three centers be operated during July and August, these special classes can be continued; in fact, the revenue projections for use of the centers is based on the premise that the special classes would be continued. Continuation of the special classes is proposed on the following format:

- a. Instructors who are not City employees would have the option of contracting with the City to teach specific courses at the three centers. The instructors would recruit their own students, collect the fees, and pay the City for the rental of the City facility. The price for the courses and the wages received by the instructor would be set by the instructor, except that the City would reserve the right to limit course fees, set priorities for the use of City facilities, and approve the nature of new courses.
- b. Instructors who are City employees would be paid a specific hourly salary and would teach courses under the following schedule which includes the \$1 facility fee for adults and the 50¢ fee for children:

⁽⁷⁾Three staff positions would be necessary. For the purpose of estimating costs, specific position titles are used in this report. However, if the Council authorizes the summer recreation program, the actual staffing pattern may be slightly different within the authorized budget.

	<u>Current Fees</u>	<u>Proposed Fees</u>
Sewing Classes	\$5/course	\$8/course
Tiny Tots	\$10/course	\$60/course
Arts & Crafts	\$5/course	\$15/course
Ballet	0	\$15/course
Tap Dance	\$8/course	\$15/course
Ceramics	\$4/course	\$10/course
Rhythm Gym	\$8/course	\$15/course
Gymnastics	0	\$5/course
Judo	N/A	\$15/course
Tumbling	\$5/course	\$12.50/course
Adult Softball	\$105/season	\$150/season per team
Photography	N/A	\$15.50/course
Youth Baseball	0	\$16/team
Weight Training	\$1.50/course	\$4.50/course
Karate	0	\$15/course
Pre-School Dance	0	\$7/course
Excursions	\$3-5/trip	\$3-8.50/trip
Fun Club	\$7/week	\$15/week
Afro Dance	0	\$15/course
Trampoline	0	\$10/course
Baseball, youth	0	\$16/team
Basketball, youth	0	\$16/team
TMR	0	\$27-54/course
Teen Club	0	\$15/week
Tennis, youth	\$17.50/course	\$20/course
Tennis, adult	\$35.00/course	\$40/course
Adult Exercise	0	\$20/course
Pre-school	\$27/course	\$40/course

The formula for determining the proposed course fees (and which would be used for any courses not listed above) includes the full cost of the instructor, supplies, the facility use fee, and a portion of the administrative support costs. In addition, the fee schedule is based on a class size 20% less than the maximum class size. Therefore, there is a minimum class size which meets all direct costs. The fees from students above the minimum number would be used to offset operating costs.

- c. Because most of the courses which have previously been offered at James Kenney and San Pablo---although few in number---have been free, it is difficult to project the number of classes which would be offered at each of the three centers. If sufficient class attendance is realized, the course fees would serve to subsidize most of the operating costs of the three centers.

6. Subsidy for Summer Recreation Program

As indicated in Part 1, the summer swim program can be operated at three pools with an estimated deficit of \$17,500. Of that amount, \$9,520 can be obtained from the Community Services Administration Grant, leaving a swim program deficit of \$7,980. That deficit results from the one free day at each pool and the operation of West Campus pool. If voluntary contributions do not erase that deficit, West Campus pool would be closed at the end of July. The operation of the three recreation centers would cost an estimated \$28,300. It is possible--but not likely--that the entire cost of that operation could be recovered from the fees that would be charged for the use of space. It is fairly certain that at least \$10,000 in fees can be realized, leaving a possible deficit of \$18,300.

The Special Recreation Fund has a surplus balance of approximately \$20,000. That money could be used to offset any deficit in the operation of the three recreation centers. The use of the remaining balance in the Special Recreation Fund is appropriate since the City has been subsidizing the special classes for many years. Also, the use of the balance will enable the City to keep open the recreation centers at which the courses are conducted.

In short, with the use of fees, the CSA grant and the balance in the Special Recreation Fund, the three recreation centers can be operated in July and August, King and Willard pools can be operated in July and August, and West Campus pool can be operated at least through July.

III. SPAY AND NEUTER CLINIC

TO: Council Committee on Revenue Sources

FROM: Elijah B. Rogers, City Manager

SUBJECT: SPAY AND NEUTER CLINIC

Under the City Manager's proposed budget, the Spay and Neuter Clinic would be terminated since it requires a subsidy from the General Fund. It may be possible to operate the clinic on a self-sustaining basis if the following changes are implemented:

1. Increase the surgical fee schedule by about 40% as follows:

	Current Fee	Proposed Fee
Male Cat	\$10.00	\$14.00
Female Cat	18.00	25.00
Male Dog	13.00	18.00
Female Dog (under 50 lbs.)	22.00	31.00
Female Dog (over 50 lbs.)	22.00	39.00

2. Reschedule clinic hours so that it is open five days per week, so as to increase available surgical hours by 20%.
3. Eliminate the half-time, hourly animal health technician, and reduce the remaining staff to three-quarter time.
4. Utilize volunteers for about 50 hours per week.

Under this proposal, revenue and expenditures would be approximately \$83,000. However, it is not certain that the revenue projections would be realized. For that reason, the program should be reevaluated in 60 days. If it is not financially self-supporting with the new fee schedule and other modifications, it could be terminated.

IV. INCREASE IN PARKING BAIL SCHEDULE

In order to reduce costs, the Alameda County Administrator is recommending that the Albany-Berkeley Municipal Court be moved to Oakland. That change would significantly increase the cost of Police Department operations because of the increased travel time in going to Oakland for trials. In addition, Berkeley residents would be inconvenienced by having to go to Oakland.

Some preliminary discussions have been held regarding the possibility of finding additional revenue to maintain the courts in Berkeley. It has been suggested that the parking bail schedule be increased slightly and that the City share a larger portion of the revenues with the County.

At the present time, the City receives 81% of the fines and forfeitures and the County receives 19%. This year the City should receive about \$860,000 based on its 81% share and the County will receive \$202,000 of the total \$1,062,000. Under the bail schedule proposed by the Transportation Commission, total bail fines and forfeitures would increase to approximately \$2,655,000 per year. The 81% the City would receive is \$2,150,000, and the County would get \$505,000. At a 50% split, the City and County would each receive \$1,300,000.

It is unlikely that the Berkeley Municipal Court judges would be willing to increase the bail schedule as recommended by the Transportation Commission. However, the City staff believes that some arrangement could be devised under which fines and forfeitures would be increased significantly so that the City would realize additional revenue and the County would have sufficient funds to retain the Court in Berkeley.

The City Manager should be directed to negotiate a proposed bail schedule with the County Administrator's Office and the Municipal Court judges to retain the Court in Berkeley and increase City revenue or at least maintain the same level City revenue from the source.

V. RECOMMENDATIONS

1. Adopt a resolution enacting certain Health Department Clinic fees as listed on page I-2 of this report, said fees to be effective July 1, 1978.
2. Amend Resolution No. 38,433-N.S. to increase refuse collection charges an approximate 25% (individual fees to be rounded off to the highest 5¢ increment), said fees to be effective July 1, 1978.
3. Adopt a resolution initiating certain Public Works Department fees as identified on page I-3 of this report, said fees to be effective July 1, 1978.
4. Amend Resolutions Nos. 42,679-N.S., 47,760-N.S. and 47,012-N.S., and Ordinance No. 3262-N.S. to reflect changes to certain existing Public Works Department fees as identified on page I-3 of this report.
5. Amend Resolutions Nos. 40,475-N.S. and 41,353-N.S., and Ordinance No. 3262-N.S. to increase parking meter rates to 30¢ per hour, to convert 24 and 40 minute metered parking spaces to 30 and 60 minute parking spaces, to convert 10-hour meters to 4-hour meters, said changes to be effective August 31, 1978.
6. Amend Resolutions Nos. 44,147-N.S. and 39,095-N.S. to increase parking rates in Sather Gate and Center Street Garages as shown on page I-4 of this report, said rates to be effective July 1, 1978.
7. Amend the following resolutions and/or ordinances to provide an approximate 50% increase in diverse and various miscellaneous permits and service fees:

City Ordinance Nos. 1307-N.S. (street repairs), 1308-N.S. (pound), 1412-N.S. (sewer and storm drain connections), 2983-N.S. (house moving), 3018-N.S. (zoning), 3289-N.S. (dance, cabaret), 3326-N.S. (engineering and inspection services), 3874-N.S. (map filing), 3963-N.S. (housing inspection), 3970-N.S. (police service), 3985-N.S. (construction inspection), 4109-N.S. (sidewalk construction), 4111-N.S. (sidewalk use), 4291-N.S. (signs), 4363-N.S. (excavating and grading), 4553-N.S. (police service), 4840-N.S. (plumbing), 4841-N.S. (mechanical), 4842-N.S. (electrical), 4843-N.S. (building), and 3847-N.S. (health and sanitation). City Resolutions Nos. 42,679-N.S. (police alarm) and 46,410-N.S. (fire inspection).
8. Rescind Resolution No. 39,018-N.S. and all resolutions amendatory thereof and authorize the City Manager to prepare and implement a specific fee schedule for the use of recreation and park facilities (including swimming pools) based on the proposed fee structure depicted on pages II-1 and II-3 of this report.
9. Authorize the City Manager to submit a summer recreation grant request to the Community Services Administration, said grant to be used in the summer recreation program and authorize the City Manager to execute the resultant grant award.

10. Adopt a resolution eliminating the Special Recreation Fund and transferring the remaining monies in that fund to the General Fund for use in the Summer Recreation Program.
11. Authorize the City Manager, on behalf of the City, to accept contributions and to apply those contributions to the Summer Recreation Program.
12. Authorize the City Manager to contract with instructors for special recreation classes at City recreation facilities.
13. Amend Resolution No. 46,787-N.S. to adopt the increased fee schedule for surgical fees at spay and neuter clinic as depicted on Page III-1 of this report, said fees to be effective July 1, 1978.
14. Direct the City Manager to negotiate a proposed bail schedule with the County Administrator's Office and the Municipal Court judges to retain the Court in Berkeley and increase City revenue or at least maintain the same level of City revenue from the source.
15. Amend Ordinances No. 5017-N.S. and 4675-N.S. to increase the business license base rate, minimum business license fees and flat rate business fee schedule by 50% and to increase the profitability factor for firms which own real property and rent or lease it to four times the rate, said amendment being an urgency ordinance effective July 1, 1978.
16. Amend Ordinance No. 4077-N.S. to increase the transient occupancy tax to 10%, said amendment being an urgency ordinance effective July 1, 1978.
17. Adopt an ordinance levying a 5% utility users tax with an exemption of \$5,000 per household, and a rate of .5% of billing above the \$5,000 tax receipts level as indicated in Attachment 1, said ordinance to be an urgency ordinance taking effect on July 1, 1978.
18. Adopt an ordinance levying an employee license tax as indicated on Attachment 2, said ordinance to be an urgency ordinance effective July 1, 1978.
19. Adopt an ordinance levying a 10% tax on the cost of admissions as indicated in Attachment 3, said ordinance to be an urgency ordinance taking effect on July 1, 1978.

Attachments for Council only (to be distributed at meeting).

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